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SUBJECT: UAE LABOR MINISTER NOTES MEASURED PROGRESS ON TREATMENT OF WORKERS

Classified by Ambassador Richard Olson, reasons 1.4 (b) and (d).

¶1. (C) Summary: UAE Labor Minister Saqr Ghobash told the Ambassador that electronic payment of wages and enhanced living conditions are key labor concerns. He is trying to persuade banks to assist in creating accounts for workers to facilitate an enforceable electronic payment regime. Living conditions for workers are improving, he asserted, while warning against raising standards unrealistically in the short term. He has ample inspectors to enforce standards but wants to improve the quality of their work, partly through ILO technical support. Ghobash said the visa sponsorship system was too difficult to change and he saw no obvious alternative in the near term. End summary.

¶2. (C) Minister of Labor Saqr Ghobash cited UAEG progress on labor reforms with the Ambassador November 18. Ghobash said much work to protect workers predated his (early 2008) appointment as the UAE faces the challenge of balancing a large foreign labor force with national security concerns. He cited "representation" (i.e., collective bargaining and unions) as a particularly prickly issue when over 90% of the labor force does not hold citizenship; there are few good models for effective worker "protection without representation." (Comment: the other problem, unsaid, but the elephant in the room, is that even UAE citizens do not have political rights. End comment.) The workers' top priority is timely payment of wages, he asserted, followed by living conditions. Both require viable mechanisms (including government-defined standards) and consistent enforcement.

¶3. (C) Ghobash said it is difficult to persuade banks to cater to a clientele that only deposits small amounts per month, although electronic salary transfer (and associated transparency) is impossible without each worker having an account. He has met with banking officials and the Central Bank to apply "a little pressure," and has coordinated with chambers of commerce and money exchange houses to address the challenge of timely electronic deposits with reasonable overhead costs. He plans to let ideas percolate among the local business community for a time to see what solutions emerge before opening the bidding internationally. Once an enforceable payment mechanism is in place the Ministry can verify timely and accurate payment, track delinquent companies, focus the efforts of its inspectors, and build other worker protections into the system. A minimum wage, if ever agreed to, could also be enforced.

¶4. (C) The Ministry is also keen to improve the living conditions of workers. Ghobash anticipated Cabinet approval "within two to three months" for enhanced worker accommodation standards, for example, which are continually being upgraded. He noted the importance of giving the private sector time to comply with new standards, which give inspectors solid criteria to enforce. Enforcement without preferential treatment to big-name companies is the goal, which the Minister supports by calling companies himself when necessary. MoL has no trouble employing a sufficient number of inspectors thanks to the strong commitment of the UAE leadership to a serious inspection regime, said Ghobash, although he does face a challenge in getting the quality he needs in those inspectors. He has encouraged the Cabinet to increase inspectors' salaries to attract higher quality applicants. The job of inspector is tough, sensitive, and influential, he said, noting that the UAEG is receiving ILO technical support to strengthen its inspection capacity.

15. (C) When the Ambassador noted the political importance of labor protections internationally, Ghobash reiterated his commitment to improved standards yet cautioned against raising them too high or demanding hasty compliance. The UAE does not need "five star" labor camps, but is working to provide good accommodations that take time to prepare. Eventually, it seeks realistic standards which a company should meet before contracts are approved. He also noted the option of a housing allowance (in lieu of provision of housing directly), which he said was fine so long as the allowance is paid verifiably through the banking system.

16. (C) When POLOFF, asked about potential long-term alternatives to the sponsorship system (by which residents are beholden to the sponsor of their visa), the Minister said that sensitive topic was not ready for in-depth discussion. The current system was a rational approach when it was designed and continues to serve the country well; in the absence of a viable alternative it will likely remain the norm. (Comment: it seemed to us that Ghobash understood the flaw in the visa sponsorship system, but thought it too politically sensitive to tackle at present, at least at his level. End comment.)

OLSON